

STATEMENT ON INTERNAL CONTROL 2010/11

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

As the Accountable Officer for the Trust I ensure that the Trust works closely with the Strategic Health Authority (SHA) and other partner organisations, through various reporting processes. Examples of such processes are:

A Risk Management Strategy, updated and reviewed each year by the Trust Board is in place. It clearly defines the risk management structures, accountabilities and responsibilities throughout the Trust and reflects the Trust's management and governance structure. All serious incidents are reported to NHS West Midlands and Commissioners and to other bodies in line with current reporting requirements (eg the Care Quality Commission (CQC)). As Accountable Officer for the Trust I have overall accountability and responsibility for ensuring the Trust meets its statutory and legal requirements and adheres to guidance issued by the Department of Health in respect of Governance.

Contract negotiations with commissioners are discussed and agreed with NHS West Midlands on an annual basis. Close working links with the whole health economy have been evident in a number of areas including stakeholder engagement with local authorities, all healthcare organisations and the voluntary and private sector as part of our Foundation Trust (FT) application and the development of clinical pathways with colleagues in primary care.

There have been extensive stakeholder meetings as part of 'Keeping it in the County' – the public consultation on proposals to change how and where some hospital services are provided. There have also been a number of engagement events for our 7500 FT members during the past year and through the development of the Cancer Centre build.

The Trust Board agrees the Annual Financial Plan, which is then reported to the NHS West Midlands. In addition to this the Trust sends regular financial monitoring returns throughout the year.

There is Primary Care Trust (PCT) involvement in the Trust's risk processes and an economy-wide Quality group that meets to ensure the highest quality standards are met across the health economy. The Trust has prepared a set of Quality Accounts for 2010/11.

The Quality Account is published annually. It discusses the care provided for patients, describing what is done well but also what needs to be improved.

The Quality Account acknowledges that there has been progress in stroke and Transient Ischaemic Attacks (TIA) services (now, over three quarters of high risk TIA patients are scanned and treated within 24 hours compared with less than a quarter at the start of the year), but states that there are more improvements needed for patients needing unplanned care.

The Trust has successfully tackled healthcare associated infections which has led to major reductions in MRSA bloodstream infections and Clostridium difficile, however, the Trust now needs to bring the same vigour to prevent pressure ulcers and avoidable falls.

The Trust identified an issue with high mortality rates through Hospital Standard Mortality Ratio (HSMR), which is a national measure of expected number of deaths against patients that actually died. In late 2009/10 the Trust discovered the rate had increased significantly. To understand the reason for the high mortality rate the Trust undertook a number of actions including:

- *A review of 50 case notes of patients that had died.*
- *An in depth analysis of the crude rate of deaths and HSMR deaths at each hospital site.*

The review told us that the problem was largely due to the way we coded the main diagnosis for patients, and not a reduced level of clinical care we were providing.

Improvements to the coding practices are being implemented as well as improvements to the way we record information in Patients notes. As a result the Trust is seeing a positive impact on the HSMR, however the HSMR is still high and the crude rate of deaths is not reducing in the same way. It is therefore wrong to assume that the coding of the primary diagnosis alone is the problem. The Trust has focussed, and is continuing to focus, on the improvements to the clinical care provided for our patients.

During 2010/11 there has been a major public consultation on changes to the way in which health services are provided in the County in order to tackle some significant clinical challenges, which if not tackled run the very real risk of deterioration in services. At the end of March 11 the Trust Board agreed that the Trust should develop a Full Business Case based on the consultation proposals to address the concerns that were raised during the consultation, and to make sure that the new services are safe and appropriate for people across Shropshire, Telford & Wrekin and mid Wales.

Also during 2010/11 the Trust has changed the way services are managed and run to give more power to frontline staff and to address one of our identified risks. Clinicians have been given more authority and responsibility to lead, plan and deliver patient services by appointing of clinical Centre Chiefs.

The Trust also took part in 'Leading Improvements in Patient Safety'. This national programme builds the knowledge and abilities of hospital teams to improve patient safety. At its heart is the principle that if we get it right first time, every time, then patients will need to spend less time in hospital, their recovery will be quicker, their experience will be improved and their quality of life will be better. The programme will be rolled out to over 100 staff in June 2011.

The Assurance Framework sets out the Trust's objectives and provides a clear template to identify any risks to achieving those objectives and a clear framework against which to measure progress.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives.
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Shrewsbury and Telford Hospital NHS Trust for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Trust clearly documents its leadership arrangements in the Risk Management Strategy. These arrangements are further reinforced through job descriptions and objectives.

Leadership starts with the Chief Executive Officer having overall responsibility, with powers to delegate to other Executive Directors. The leadership is further embedded by having ownership at a local level, with operational managers having the responsibility for risk identification, assessment and control.

All new members of staff are required to attend a mandatory induction, an element of which covers the key elements of risk management. This is further supplemented by their local induction. The organisation provides annual mandatory and statutory training for different levels of staff depending on their responsibilities as detailed in the Risk Management Strategy - training for all staff is encouraged and supported by the Trust. There has also been a concentrated approach in relation to incident reporting and root cause analysis training across the organisation. All senior managers have also received training in risk and assurance processes. The Trust also has an active Institute of Occupational Safety and Health (IOSH) training programme.

Training is designed to demonstrate the processes and tools available to enable staff to identify and treat risk and to explain how risk is escalated through teams to the Trust Executive and Board. Risk management awareness training was provided throughout 2010/11 at all levels of the organisation, including the Board. Some elements of risk management training are mandatory and attendance at these sessions continues to be recorded with follow-up by service managers and heads of services on those staff who have not attended the appropriate training sessions. During 2010/11, the statutory training programme included a session on vulnerable adults. In addition the Trusts corporate induction programme includes awareness sessions on risk related areas including incident reporting, Health and Safety, Governance, Information Governance, Fire, Moving and Handling and Security.

There are many ways in which the Trust seeks to learn from good practice, for example:

- *Healthy incident reporting and alert mechanisms*
- *Pro-active risk assessment with a risk reporting policy finalised providing clear guidance to Divisions.*
- *Sharing experiences through the monthly Clinical Governance meetings.*
- *Co-ordinated response to Internal and External Audit recommendations, with Executive Director involvement through recommendation tracking*
- *A clear schedule of assurances which complements the Assurance Framework and provides assurance to the Board.*
- *Sharing results of health and safety audits.*
- *Senior Risk Group that considers all risk-related issues.*
- *Incident Review Group to review all serious incidents, and complaints*
- *Board review of the Serious Incident Policy and dissemination across the Trust*

The Trust is also undertaking a complete management restructure as capacity and capability have been identified as a risk to achieving objectives. This is aligned to the change to a clinically-led organisation. The Trust is also developing leadership and improvement academies to embed this approach.

4. The risk and control framework

The Risk Management Policy and Strategy clearly defines leadership, structure and the risk management process, to ensure a continuous assessment of risk throughout the organisation. The strategy is reviewed annually and held on the intranet. In the National Health Service Litigation Authority (NHS LA) General Standards the Trust currently holds level 2 and the Trust's Risk Management processes scored 80%. The Trust also currently holds Clinical Negligence Scheme for Trusts (CNST) Level 1 in maternity and again the risk management processes were favourably highlighted.

Risk registers are managed at Divisional and Directorate level with all potentially high level risks reported on the Trust's Corporate Risk Register. This is a continuous and ongoing process. The Corporate Risk Register is then considered through the Governance Structure, with very high risk assessments being reported to Trust Board at the next Board meeting following the identification of the risk. The Corporate Risk Register is also presented to the economy-wide Quality Group on a quarterly basis.

The Trust has a risk matrix which identifies risks across a number of criteria including patient experience, objectives risk, business interruption/HR issues/adverse publicity, and financial implications. The likelihood of each risk is also considered, giving an overall risk rating score, which is then mitigated according to the controls in place to minimise the risk. The Risk Group receive all Divisional risks rated above an acceptable level (according to the Risk Management Strategy) to review and ensure consistency before referring to the Board. These are then reviewed and updated by the relevant manager every month. The Audit Committee reviews outcome summaries of the Risk Group's meetings. Divisions report to the Audit Committee on their key risks and governance arrangements. The Risk Register has been refined and provides a working tool for the organisation and a source of assurance for the Trust Board. During the year, 18 risks were added to the corporate risk register and 19 risks were removed owing to them having been mitigated or resolved. The total number of risks (scoring 15 or above) on the register at the end of March 2011 was 49

As at 31 March 2011, there were 12 major risks (scoring 25 or 20) on the corporate risk register compared with 10 at the end of March 2010.

In line with best practice, a system of sub certification was introduced to inform the development of the Statement on Internal Control (SIC). Divisional General Managers were asked to certify that the Divisional Risk Register was complete and up-to-date, and that actions were taken if lapses were identified. Completed sub certifications were received from all Divisions and corporate areas.

The 12 major risks facing the organisation during 2010/11 were:

- 1. We don't provide the right clinical care (resulting in poor clinical outcomes) - A plan of work has been drafted, which will form the basis of a patient safety strategy over the next three years. The Chief Executive hosted a Leading Improvement in Patient Safety (LIPS) taster event in March 2011 with a further event planned for June 2011 so that a significant number of clinical staff can be trained.*
- 2. We don't respond to patient needs and views (resulting in poor patient outcome) - Interventions are being targeted at wards with higher than average numbers of complaints, pressure ulcers and falls with the aim of providing support and development to improve quality to patients*
- 3. We don't deliver the Trust Improvement Programme (resulting in inability to invest in quality) - controlled through measures to manage pay and agency costs, introducing strengthened robust business planning processes and financial reviews.*
- 4. We have poor information systems and processes (resulting in poor decision making and planning) - It has been recognised that there is a lack of resource, knowledge and infrastructure for IT and performance management. There were problems in relation to*

patient waiting times which arose from this risk. A project is being developed by Innovations Group.

5. We don't have enough suitably trained or supervised staff delivering care (resulting in poor quality and patient experience) - The nurse recruitment strategy has been successful in reducing the numbers of nursing vacancies. However, it is proving more challenging to fill medical posts. The reconfiguration options currently being discussed will mitigate some of these risks if successful. There are particular risks in obstetrics linked to insufficient staffing to provide dedicated obstetric and anaesthetic cover to the labour ward and to sustain midwifery levels in line with the recommendations of 'Safer Childbirth'. Recruitment is in progress for these posts.
6. We don't have sufficient clinical leadership across the organisation (resulting in lack of improvement in safe patient care) - Senior Clinicians have been appointed to the role of Centre Chiefs and a development programme is in place to support the transition to clinical management.
7. The Health Economy fails to deliver the QIPP agenda (resulting in financial risk across the Health Economy and deteriorating patient experience) - Both PCTs have made very challenging assumptions as part of the Quality, Innovation, Productivity and Prevention (QIPP) agenda (Quality, Improvement, Productivity and Prevention). These schemes are intended to provide savings in the latter half of the year however have not delivered the promised savings.
8. The public consultation on 'keeping it in the county' fails to deliver on the agreed way forward (resulting in loss of local services to patients) - The public consultation on 'Keeping it in the County' took place between January and March 14th and accepted the reconfiguration plans.
9. We don't have enough capital to upgrade estate and equipment (resulting in substandard environment and poor patient experience) - requests for capital expenditure are risk assessed and must be included within a divisional risk register in order to be considered for capital investment.
10. We don't deliver an Income and Expenditure (I&E) surplus (resulting in inability to invest in quality) - scrutiny of plans through programme Board and Finance & Performance Committee. The Trust achieved a small surplus at year end; however, this was following £5M support from the SHA
11. We don't deliver national priorities (resulting in a loss of confidence in the service) - The Infection Control targets for 2010/11 were met. Although the Trust achieved most of the access targets last year, sustaining and improving performance remained a concern. The Trust worked with the Department of Health Intensive Support Team to identify areas for improvement.
12. We deliver national targets through poor management processes (resulting in unintended consequences e.g. development of outpatient pending lists) - The Intensive Support Team (IST) has visited the trust and made a number of recommendations to improve performance in respect of cancer waits and management of outpatients.

There were some issues which caused particular problems in year including issues with cancer waiting times, 18 week waiting times and outpatients. These are reflected in the risks above, in particular risks 4, 11 and 12. There were gaps in control which were not immediately apparent. The Trust had placed an overreliance on management assurances. More robust controls have now been put into place and independent assurances sought alongside management assurance. There is an ongoing review into the circumstances of the gaps in the control process.

The Trust is also reviewing its performance reporting processes to ensure that there is clear evidence-based reporting to the Board.

The Trust had a financial plan to achieve a surplus of £2.6m but delivered a small surplus of £26k following support of £5m from the SHA. The main reasons for this variance are as follows:

- £14m over performance in activity

